



<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 2 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**2. Compliance Requirements:**

- It is the duty of the city engineer to keep an account of all costs and expenses incurred in connection with the SID and to certify these expenses to the city clerk. (Section 7-12-4121, MCA)
- In cities without engineers, the council may appoint a suitable person to discharge the duties of the city engineer as specified in the statutes, and all the provisions applicable to the city engineer shall apply to that person. (Section 7-12-4119, MCA)

**Suggested Audit Procedure:**

- Determine that the city engineer, or individual appointed to discharge the duties of the engineer, kept a record of all costs and expenses incurred in his office in connection with each SID and that the costs were certified to the city clerk.

**3. Compliance Requirements:**

- Before an SID may be created, the city or town shall pass a resolution of intent, which contains the information required by Section 7-12-4104, MCA. (Section 7-12-4104, MCA)
- Notice of the passage of the resolution must be published in a newspaper, as described in Section 7-12-4106, MCA.

**Suggested Audit Procedures:**

- If an SID was created by the city or town during the audit period, obtain a copy of the resolution of intent to create a special improvement district that was passed by the council and determine that it contains the required information.
- Determine that notice of the passage of the resolution was published in a newspaper as required by statute.

**4. Compliance Requirements:**

- Authorized incidental expenses which are considered part of the cost of making the improvements are as follows:
  1. compensation of the city engineer for work done by him on the district;
  2. cost of printing and advertising;
  3. compensation of persons appointed by the city engineer to do required work related to the district;
  4. expenses of making the assessment for any work authorized by this part;

<b>PROGRAM/SUBJECT:     Cities and Towns - Special                                  Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 3 of 27

**I.       COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**4.     Compliance Requirements - continued:**

5. interest on warrants issued by the city or town to pay costs of the improvements;
  6. cost of issuance of bonds or warrants of the SID;
  7. interest on bonds or warrants of the SID before assessments levied in the district are collected in amounts and at times sufficient to pay such interest;
  8. a reasonable administrative fee payable to the city or town for the creation and administration of the district by the city or town and its officers and employees;
  9. costs of preparing plans, specifications, maps, and plats;
  10. engineering, superintendence, and inspection; and
  11. preparation of assessment rolls.
- (Sections 7-12-4101(7) and 7-12-4169, MCA)

- All demands for incidental expenses, except the administrative fee of the city or town and interest payable on warrants or bonds of the district, shall be presented to the city or town clerk by itemized bill. (Section 7-12-4123, MCA)

**Suggested Audit Procedure:**

- Test incidental expenses considered to be costs of the district to determine if they are for authorized purposes as specified above, and are properly documented.

**5.     Compliance Requirements:**

- Costs of an SID may be assessed using one or a combination of the following methods. If more than one improvement is undertaken, each lot need not be assessed for the cost of all improvements. (Section 7-12-4161, MCA)

1. Assessment of costs - area option - assessed valuation option - equal amount option (Section 7-12-4162, MCA)
  - a. Area Option - Assessment of the entire cost of an improvement against the benefited property in the district, each lot or parcel of land assessed within such district to be assessed for that part of the whole cost which its assessable area bears to the assessable area of all benefited lots or parcels in the district, exclusive of streets, avenues, alleys, and public places. The assessable area may be less than but may not exceed the actual area of the lot or parcel. (Section 7-12-4162(1), MCA)
  - b. Assessed Valuation Option - The cost may be assessed against each lot or parcel of land within the district based on the assessed value of the benefited lots or parcels of land within the district if the council or commission

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 4 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**5. Compliance Requirements - continued:**

determines such assessment is equitable and in proportion to and not exceeding the benefits derived from the improvements by the lot or parcel. (Section 7-12-4162(2), MCA)

- c. Equal Amount Option - The city or town council or commission may assess each lot or parcel of land in the district an equal amount based on the total cost of the improvement. (Section 7-12-4162(3), MCA)
2. Assessment of costs - Frontage Option - The city or town council or commission shall assess the cost of an improvement against benefited lots or parcels in the district. Each lot or parcel of land within the district bordering or abutting upon a street or streets whereon or wherein the improvement has been made shall be assessed in proportion to the lineal feet abutting or bordering the street or streets. (Section 7-12-4163, MCA)
3. Assessment of costs - Utility Service Connections Option - Utility services connections may be assessed upon a lump sum based on the bid price in the improvement district contract. It will be assessed only on the lots, tracts, or parcels of land served by the utility connection or connections within the special improvement district, so long as such assessment is equitable. (Section 7-12-4164, MCA)
4. Assessment of costs - Offstreet Parking Option - When the purpose of the assessment is for offstreet parking the assessment shall be against the real property specifically benefited by the offstreet parking facilities. The costs will be assessed in proportion to the benefits received by the benefited tract of land within the district. In determining the benefit to be received by each parcel of land, the council or commission shall consider the relative distance of the parking facility from each parcel of land; the relative needs of parking spaces for each parcel of land, either as established by the city zoning ordinance, if any, or otherwise, with relation to the use of said parcel; the assessed value of each parcel; the square footage of each parcel within said district as it related to the whole; the square footage of floorspace in any improvements on the parcel and the various uses of such floorspace; and the availability of existing on-site parking space on any parcel of land within the district. (Section 7-12-4165, MCA)

**Suggested Audit Procedure:**

- Review the method that the city or town used to assess the costs of the special improvement district to determine if they were assessed to each property owner in accordance with one or more of the allowable options described above.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 5 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**6. Compliance Requirement:**

- Federal government property is exempt from the special assessments. The cost related to the federal property shall be paid by the city or town from its general fund. (Section 7-12-4173, MCA)

**Suggested Audit Procedure:**

- Determine if the special assessment on any federal government property in an SID was paid from the city or town's general fund.

**7. Compliance Requirements:**

- Before an SID assessment may be levied on the benefited property, the city or town shall pass a resolution. Such resolution, signed by the mayor and clerk, shall be kept on file in the office of the city or town clerk (Section 7-12-4176, MCA)
- Notice of the resolutions must be published in a newspaper, as described in Section 7-12-4177, MCA, and notice of the resolution and assessment must be mailed to the owner of each lot, tract, or parcel of land to be assessed, and to such other persons know to the city or town clerk to have an ownership interest in the property. The notices shall state the time and place at which objections to the final adoption of such resolution will be heard by the council or commission. A hearing on the resolution must be held not less than 10 days after the final publication and mailing of the notice. (Sections 7-12-4177 and 7-12-4178, MCA)
- The council or commission must estimate the cost of maintaining the improvements in each district and shall pass and finally adopt a resolution levying and assessing all the property within the districts with an amount equal to the whole cost of maintaining the improvements. (Section 7-12-4179, MCA)
- Sections 7-12-4101(7)(h) and 7-12-4169, MCA indicates that the city or town could assess a reasonable administrative fee payable to the city or town for the creation and administration of the district by the city or town, its officers, and employees. Although reasonable was not defined by the above statutes, Section 7-12-2161, MCA, pertaining to Rural Special Improvement Districts (RSID's) has defined the fees to be the lesser of \$500 or 5% of the annual assessment. Therefore, it would appear that if a city or town assessed the same administrative fee as allowed RSID's it could be argued that the fee was reasonable. The administrative fee must be included in the resolution creating the district and assessing the costs.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 6 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**Suggested Audit Procedures:**

- Determine that all assessments were established by resolution of the council or commission in accordance with statutory requirements, and that required notices were published and sent to property owners and others with an ownership interest.
- Determine if the city or town imposed an administrative fee for establishing the district. If so, using professional judgment, determine if fee is reasonable.

**8. Compliance Requirements:**

- Maintenance assessments collected on the districts must be deposited in separate funds. (Section 7-12-4180, MCA)
- Section 7-12-4101(7)(h), MCA, indicates that the city or town could assess a reasonable administrative fee payable to the city or town for the creation and administration of the district by the city or town, its officers, and employees. Although reasonable was not defined in the above statute, Section 7-12-2161, MCA, pertaining to Rural Special Improvement Districts (RSID's) has defined the fees to be the lesser of \$500 or 5% of the annual assessment. Therefore, it would appear that if a city or town assessed the same administrative fee as allowed RSID's it could be argued that the fee was reasonable. The administrative fee must be included in the resolution creating the district and assessing the costs.

**Suggested Audit Procedures:**

- Test selected receipts of maintenance assessments and determine that they were deposited in a separate maintenance fund for each district.
- Determine if the city or town imposed an administrative fee as part of the annual assessment for the district. If so, using professional judgment, determine if the fee assessed was reasonable.

**9. Compliance Requirement:**

- Whenever any assessment is made and any property is assessed too little or too much the city or town may reassess an additional amount or may reduce the amount of tax collected. (Section 7-12-4186(2), MCA) This section does not authorize reassessments to make up for delinquent assessments. (State ex rel Truax v. Lima)

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 7 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**Suggested Audit Procedures:**

- Inquire as to whether assessments are reviewed yearly for adequacy of funding.
- Review selected SID fund balances to determine if they are insufficient or excessive. If they are, inquire as to what action will be taken to adjust them.

**10. Compliance Requirement:**

- All special assessments are due as follows: (Section 7-12-4188, MCA)
  - a. 1/2 of the payment on or before November 30 of each year; and
  - b. 1/2 of the payment on or before May 31 of the following year.

**Suggested Audit Procedure:**

- Review selected tax/assessment billing notices to determine if the assessments were due as stated above.

**11. Compliance Requirements:**

- **Prior to March 24, 1995** - Simple interest will be charged upon all special assessments at an annual rate not exceeding the sum of 1/2 of 1% per year plus the average interest rate payable on the outstanding bonds or warrants of the SID. (Section 7-12-4189)
- **Effective March 24, 1995** - Simple interest must be charged upon all special assessments at an annual rate equal to the sum of 1/2 of 1% per year; plus the average interest rate payable on the outstanding bonds or warrants of the SID; plus, at the option of the city or town council, up to an additional 1/2 of 1% a year. The city or town council may subsequently reduce or eliminate the additional interest rate, but once reduced or eliminated, it may not be subsequently increased or reimposed. (Section 7-12-4189, MCA)

**(Note: This revision applies to all SID's created after March 24, 1995, and, at the option of the city or town, to bonds and warrants issued after March 24, 1995, if the district was created before that date.)**

- **For Variable Rate SID's** – If and so long as the bonds or warrants secured by the assessments bear interest at a variable rate, the installments of assessments remaining unpaid must bear simple interest at an annual rate equal to the sum of:
  - (a) 1% a year; plus

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 8 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**11. Compliance Requirements - continued:**

- (b) the interest rate payable on the outstanding bonds or warrants of the special improvement district at the time the assessment is levied each fiscal year; plus
- (c) to the extent that the interest rate on the bonds or warrants is then less than the maximum rate prescribed for the bonds or warrants or if there is no prescribed maximum rate, up to an additional 1% a year, as may be prescribed by the city or town council in the resolution authorizing the issuance or sale of the bonds or warrants. (Section 7-12-4189, MCA)

**Suggested Audit Procedure:**

- Test interest charged on the assessments to determine that they are within the legal limits.

**12. Compliance Requirements:**

- The SID payments may be spread over a term not to exceed 20 years and are due in equal semiannual installments. (Section 7-12-4190, MCA)
- The term of SID bonds and warrants may extend over a period not to exceed 20 years, and interest must be payable annually or semiannually, at the discretion of the governing body, on the dates the governing body prescribes. (Section 7-12-4203, MCA)

**(Note: Bonds issued prior to April 30, 1985, may have been set up with a single annual payment of principal and interest.)**

**Suggested Audit Procedures:**

- Test selected SID assessments to determine that the payment period does not exceed 20 years and that the payments are made in equal semiannual installments.
- If SID bonds or warrants were issued during the audit period, determine that the term of the bonds or warrants does not exceed 20 years, and that interest is payable either annually or semiannually as determined by the governing body. **(See Note above.)**

**13. Compliance Requirement:**

- Any assessment that is not delinquent may be prepaid, in whole but not in part. The interest will accrue and be payable through the next date on which interest on the bonds of the special improvement district is payable. (Section 7-12-4190(3), MCA)



<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 9 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**Suggested Audit Procedure:**

- Test selected SID assessment prepayments to determine if interest was properly calculated, as described above, and that the taxpayer was required to pay off the SID assessment in whole.

**14. Compliance Requirements:**

- During the construction of improvements, all interest earned on the investment of SID bond or warrant proceeds must be credited to the construction account of the district fund. (Section 7-12-4205(2), MCA)
- Interest earned on SID debt service or sinking fund deposits or investments must be credited to the debt service (sinking) fund from which the money was withdrawn. (Section 7-12-4207, MCA)

**Suggested Audit Procedure:**

- Test interest income from the investment of the SID bond or warrant proceeds or the debt service fund moneys and determine that the interest income was credited to the appropriate construction or debt service fund, as required by statute.

**15 Compliance Requirement:**

- If the proceeds of the bonds or warrants of the special improvement district, including investment income, are applied to the redemption and prepayment of SID bonds or warrants, as provided in Section 7-12-4205 and 4206, MCA, or if refunding bonds are issued pursuant to Section 7-12-4194, MCA, and the principal amount of outstanding bonds is decreased or increased, the assessments levied in the district and then outstanding must be reduced or increased, respectively, pro rata by the principal amount of the prepayment or increment above or below the outstanding principal amount of the bonds represented by the refunding bonds. If refunding bonds are issued, the assessments may be relieved over a term not later than either the final maturity date of the refunding bonds or 30 years after the date the bonds to be refunded were issued. (Section 7-12-4192, MCA)

**Suggested Audit Procedures:**

- If bonds or warrants of the SID are redeemed, prepaid, or refunded, and if the principal amount of SID bonds outstanding is decreased or increased, have the assessments been appropriately reduced or increased as required by statute.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 10 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**Suggested Audit Procedures - continued:**

- If SID bonds were refunded, determine if the assessments were relieved over a term not later than either the final maturity date of the refunding bonds or 30 years after the date the SID bonds to be refunded were issued.

**16. Compliance Requirements:**

- Any proceeds from the sale of SID bonds or warrants, including investment income, remaining after payment of all costs of the improvements, must be transferred to the debt service (sinking) fund in the improvement district and applied to the extent possible to the prepayment and redemption of SID bonds or warrants on the next succeeding redemption date. (Section 7-12-4205(3), MCA)
- Special improvement bonds must be redeemed on any interest payment date from the proceeds of the bonds or warrants remaining after payment of all costs of the improvements, as provided in Section 7-12-4205, or from the prepayment of assessments levied in the district. (Section 7-12-4206, MCA)

**Suggested Audit Procedures:**

- Determine that any proceeds from the sale of bonds or warrants, including investment income, remaining after the payment of all costs of improvements is transferred to the debt service (sinking) fund of the district.
- Review the balances in the SID debt service fund and determine that any remaining moneys from SID bond or warrant proceeds that were transferred to the fund after all costs of the improvements were paid, or funds resulting from prepayments of assessments, were used to the extent possible to redeem bonds on the next redemption date.

**17. Compliance Requirements:**

- The council or commission may create a revolving fund in order to secure the payment of the SID bonds and warrants and the interest thereon. (Section 7-12-4221, MCA)

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 11 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**17. Compliance Requirements - continued:**

- In connection with the issuance of special improvement district bonds or warrants, the council may agree to:
  - a. make loans or advances from the revolving fund to the district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts, to the extent that funds are available; and to provide funds for the revolving fund pursuant to the provisions of Section 7-12-4222(1), MCA, by annually making a tax levy (or, in lieu of the tax levy, a loan from the city or town general fund), subject to the maximum limitations imposed by Section 7-12-4222(1), MCA;
  - OR**
  - b. may determine in the resolution authorizing the issuance of the SID bonds or warrants that the revolving fund does not secure the bonds or warrants and that the SID bonds or warrants are payable solely from the district fund created for the SID bonds or warrants and do not have a claim against the revolving fund.  
(Section 7-12-4225(6), MCA)

**Suggested Audit Procedure:**

- Review the accounting records to determine that an SID revolving fund exists if there are special improvement district bond issues dated before October 1, 1983, or if there are bond issues dated after that date that were issued with the backing of the revolving fund, as described above. Determine if the fund was used for only those purposes described above.

**18. Compliance Requirement:**

- The council may from time to time transfer to the revolving fund from the general fund any amounts necessary. The amount transferred will be considered to be a loan and recorded as such. (Section 7-12-4222(1)(a), MCA)

**Suggested Audit Procedure:**

- Review the accounting records to determine if transfers made from the general fund to the revolving fund are recorded as loans receivable and payable.

**19. Compliance Requirement:**

- The city or town council shall, if the SID bonds or warrants are secured by the revolving fund pursuant to Section 7-12-4225, MCA, include in the cost of the improvements to be defrayed from the proceeds of the bonds or warrants an amount equal to 5% of the principal amount of the bonds or warrants to be issued. This amount must be deposited in the revolving fund. (Sections 7-12-4169(2) and 7-12-4222, MCA)

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 12 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**19. Compliance Requirement - continued:**

**(Note: The above provision applies to all special improvement districts created after March 24, 1995, and, at the option of the city or town, to bonds and warrants issued after March 24, 1995, if the district was created before that date.)**

**Suggested Audit Procedures:**

- If an SID was created after March 24, 1995, and if the bonds or warrants are secured by the revolving fund, determine that the city or town included in the cost of the improvements to be defrayed from the proceeds of the bonds or warrants an amount equal to 5% of the principal amount.
- Determine that the 5% amount referred to above was deposited in the revolving fund.

**20. Compliance Requirement:**

- The city or town council shall levy a tax for the revolving fund as necessary to meet the financial requirements of the revolving fund. The tax may not be levied in an amount that would increase the balance of the revolving fund above 5% of the principal amount of the then-outstanding special improvement district bonds and warrants secured by the revolving fund. No tax may be levied if the balance of the revolving fund exceeds 5% of the principal balance of the then-outstanding special improvement district bonds and warrants secured by the revolving fund. (Section 7-12-4222(1)(c), MCA)

**Suggested Audit Procedures:**

- If a tax was levied for the SID revolving fund, determine that it was in an amount that did not increase the balance of the revolving fund above 5% of the principal amount of the then-outstanding bonds and warrants that are secured by the revolving fund.
- Determine that no taxes were levied if the balance of the revolving fund was more than 5% of the principal amount of the then-outstanding SID bonds and warrants that are secured by the revolving fund.

**21. Compliance Requirements:**

- The city or town council may create a district reserve account. (Section 7-12-4169(3)(a), MCA)

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 13 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**21. Compliance Requirements - continued:**

- As part of the original costs of the SID improvements, the city or town council may include an amount not to exceed 5% of the principal amount of any SID bonds or warrants issued. The amount must be deposited in a district reserve account created and maintained in the district fund. (Section 7-12-4169(3)(b), MCA)
- If there are insufficient funds in the district bond and interest accounts to pay when due the principal and interest on bonds or warrants, the district reserve account, if established, must be used to pay the principal and interest on the bonds or warrants issued against the district fund. (Section 7-12-4169(3)(c), MCA)
- If bonds or warrants are secured by the revolving fund, the district reserve account, if established, must be exhausted before a loan may be made from the revolving fund pursuant to Section 7-12-4223, MCA. (Section 7-12-4169(3)(d), MCA)
- Money in the district reserve account may be used to pay the final principal and interest payment on bonds or warrants. (Section 7-12-4169(3)(e), MCA)

**(Note: The above compliance requirements apply to all special improvement districts created after March 24, 1995, and, at the option of the city or town, to bonds and warrants issued after March 24, 1995, if the district was created before that date.)**

**Suggested Audit Procedures:**

- Determine whether a district reserve account was established for an SID created after March 24, 1995, or if bonds were issued after March 24, 1995, for an SID created before that date.
- If so, determine that the city or town included as part of the original costs of the improvements an amount not to exceed 5% of the principal amount of any SID bonds or warrants issued, and that the amount was deposited in the district reserve account.
- Determine that moneys in the district reserve account were only used to pay principal and interest on the bonds and warrants issued against the district when there are insufficient funds in the district bond and interest accounts.
- If the bonds or warrants of the SID are secured by the revolving fund, determine that the district reserve account was exhausted before a loan was made from the revolving fund.

<b>PROGRAM/SUBJECT:     Cities and Towns - Special                                  Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 14 of 27

**I.       COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**Suggested Audit Procedures - continued:**

- If there is only one bond payment left, determine if the municipality decided to use the balance in the reserve account to pay the final principal and interest payment on the bonds or warrants.

**22.   Compliance Requirements:**

- When any SID bonds or warrants that are secured by the revolving fund or any interest on those bonds or warrants become due and payable, and there is either no money or insufficient money in the appropriate special improvement district fund, after a transfer from the appropriate district reserve account, if established, with which to pay the bond, warrant, or interest, an amount sufficient to make up the deficiency must be loaned from the revolving fund to the district fund. The loan must be recorded in the accounting records. (Section 7-12-4223, MCA)

**(Note: Loans from the revolving fund can now only be made after all available money in the district reserve account has been utilized**

- The loan must be made even if, in the case of bonds or warrants bearing interest at a variable rate, the interest rate on the special assessments at the time the loan is made is less than or later becomes less than the interest rate on the bonds or warrants.)

**Suggested Audit Procedures:**

- Review selected transfers from the revolving fund to special improvement district funds that were used for the payment of principal and interest and determine that the loans were only for an amount sufficient to make up the deficiency.
- Review the accounting records to determine that before any transfer from the revolving fund was made, that a transfer from the appropriate district reserve account, if established, was made and that the reserve account was depleted.
- Review the accounting records to determine that loans receivable and payable were properly recorded in the revolving and district funds.

**23.   Compliance Requirements:**

- If there is money in a SID fund that is not required for the payment of any principal or interest on bonds or warrants secured by the revolving fund, the council must transfer the excess money to the revolving fund to pay any loans due. (Section 7-12-4222(2), MCA)

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 15 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**23. Compliance Requirements - continued:**

- After all SID bonds and warrants secured by the revolving fund within a district are paid, all money remaining in the district must, by order of the council, be transferred to the revolving fund. (Section 7-12-4222(2), MCA)

**Suggested Audit Procedures:**

- Determine if there were excess balances in the SID funds that were not needed to pay principal or interest on the bonds or warrants secured by the revolving fund. If there were, determine that this money was transferred to the revolving fund to pay any SID loans due to the revolving fund.
- Determine if there are any districts in which all SID bonds and warrants secured by the revolving fund have been paid off. If there are, determine that the council ordered all remaining money in the district fund to be transferred to the revolving fund.

**24. Compliance Requirement:**

- Whenever there is an amount in the revolving fund in excess of the amount deposited in the revolving fund under Section 7-12-4169(2), MCA, (a portion of the SID bond or warrant proceeds) and in excess 5% of the principal amount of the outstanding SID bonds and warrants, and the council considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants secured thereby or interest thereon, the council may:
  - a. order the excess to be transferred to the general fund of the city or town,
  - OR**
  - b. order it to be used to purchase property at sales for delinquent taxes or assessments, or both, or property which may have been struck off or sold to the county for delinquent taxes or assessments, or both, and against which property there are any unpaid assessments for city or town special improvement districts which still have outstanding special improvement district bonds or warrants.
 (Section 7-12-4227, MCA)

**Suggested Audit Procedure:**

- Determine if money in the revolving fund was transferred to the general fund or used to purchase property as described above. If these transfers or purchases were made, verify that the funds in the revolving fund were in excess of the amount deposited in the revolving fund under Section 7-12-4169(2), MCA, (a portion of the SID bond or warrant proceeds) and in excess 5% of the principal amount of the outstanding SID bonds and warrants before the transfers or purchases were made.

<b>PROGRAM/SUBJECT:     Cities and Towns - Special                                  Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 16 of 27

**I.       COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SPECIAL IMPROVEMENT DISTRICTS – continued:**

**25.   Compliance Requirement:**

- Funds that are deposited to the revolving fund under Section 7-12-4169(2), MCA, (a portion of the SID bond or warrant proceeds), without interest, less the amount of any loan to the district fund not repaid, may be returned to the owners of record of the property in the district in direct proportion to the original assessment of each piece of property, or as an alternative, may be transferred to the general fund after final payment of the district's bonds or warrants. (Section 7-12-4229, MCA)

**Suggested Audit Procedure:**

- Determine if there are excess funds in the SID revolving fund, as described above. Test disbursements of the excess to determine if they were proportionately transferred to the owners of record or transferred to the general fund.

**SUPPLEMENTAL REVOLVING FUND FOR PARKING METER REVENUE:**

**26.   Compliance Requirement:**

- A city or town may create a supplemental revolving fund. It must be maintained from the net revenues of parking meters and be used only to secure SID bonds that are issued for the purposes specified in Sections 7-12-4241 through 7-12-4258, MCA. (Section 7-12-4241, MCA)

**Suggested Audit Procedures:**

- Determine if the city or town has created a supplemental revolving fund. If it has, determine that its use is restricted to securing the types of bonds specified in the above sections.
- Test receipts deposited to the supplemental revolving fund to determine that the sole source of the funds are net revenues from parking meters.

**27.   Compliance Requirement:**

- A supplemental revolving fund may be created by ordinance, subject to the approval of a majority of the qualified electors voting in a general or special election held in conjunction with a regular or primary election. If bonds are to be issued for the purposes specified under the provisions of Sections 7-12-4241 through 4258, MCA, the proposal must be presented to the voters. This question may be presented to the voters at the same special or general election which authorizes the creation of a supplemental revolving fund. (Sections 7-12-4243 and 7-12-4244, MCA)



<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 17 of 27

**I.      COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**SUPPLEMENTAL REVOLVING FUND FOR PARKING METER REVENUE - contd:**

**Suggested Audit Procedures:**

- Review a copy of the ordinance creating the supplemental revolving fund and determine that the creation of the fund was approved by the voters.
- If bonds are issued under the above statutes, are they for purposes specified in the statutes and was their issuance approved by a majority of the voters.

**28.   Compliance Requirement:**

- If the bonds issued under Sections 7-12-4241 through 4258, MCA, mature at one time, the maturity date may not exceed the maximum maturity of the assessments to be levied for the improvement. If they mature in installments at various times during the term of the assessments, the maturity date may not to exceed 10 years from the date of issuance. (Section 7-12-4247, MCA)

**Suggested Audit Procedure:**

- Determine the maturity dates of the bonds. Depending on whether the bonds mature at one time or in installments, determine that they do not exceed either the maximum maturity of the assessments to be levied for the improvements, or 10 years from the date of issuance.

**29.   Compliance Requirement:**

- Loans from the supplemental revolving fund must first be given to districts that are created for the purposes described in Sections 7-12-4241 through 4258, MCA, to make up any deficiency in such funds. If further deficiencies exist, money from the revolving fund, created under Sections 7-12-4221 through 4228, MCA, may be used. (Section 7-12-4248, MCA)

**Suggested Audit Procedure:**

- Determine if loans for SID funds that were created under Sections 7-12-4241 through 4258, MCA, were first given from the supplemental revolving fund and then from the revolving fund.

**LIGHTING DISTRICTS:**

**30.   Compliance Requirements:**

- The city or town council must pass a resolution of its intent to create a lighting district and to assess the costs of the district. (Section 7-12-4302, MCA)

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 18 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**LIGHTING DISTRICTS - continued:**

**30. Compliance Requirements - continued:**

- There must be notice of the resolution published in a newspaper as specified in Section 7-12-4303, MCA. The city or town attorney should review the legality of the district. (Section 7-12-4303, and 7-4-4604 MCA)
- The lighting district should be created under the provisions of Title 7, Chapter 12, Part 43, MCA.

**Suggested Audit Procedures:**

- Obtain copies of the resolution of intent relating to lighting districts created during the audit period, determine that it was passed by the council, and published in a newspaper as provided by statute.
- Determine that the city or town attorney conducted a legal review of the establishment of any lighting district created during the audit period.

**31. Compliance Requirement:**

- Contracts for the maintenance of lights in a lighting district cannot be for a period or more than three years. (Section 7-12-4308(3), MCA)

**Suggested Audit Procedure:**

- Review selected maintenance contracts for lighting districts to determine that they do not exceed three years.

**32. Compliance Requirements:**

- All or any portion of the cost of erecting, maintaining, and supplying electricity for the lighting district, as determined by the city or town council, shall be assessed to the property within the district. The cost may be assessed under one of the methods specified in Sections 7-12-4323 and 4324, MCA, as follows: (Sections 7-12-4321 and 4322, MCA)
  1. Assessment of costs - Area or Taxable Valuation Options:
    - a. Assessed based on the ratio that the area or each lot or parcel of land within the district bears to the area of the entire district, excluding streets, avenues, alleys, and public places.
    - b. Assessed based on the ratio that the taxable valuation, including improvements, of each lot or parcel of land within the district bears to the total taxable valuation of the entire district.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 19 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**LIGHTING DISTRICTS - continued:**

**32. Compliance Requirements - continued:**

- c. Under either option a. or b., the council may pay the whole or any part of the cost of any street, avenue, or alley intersection out of any funds in its hands available for that purpose, or it may include the whole or any part of such costs within the amount of the assessment to be paid by the property in the district.

(Section 7-12-4323, MCA)

- 2. Assessment of cost - Frontage Option: The governing body shall assess the cost of the improvements against the entire district, and each lot or parcel of land within the district bordering or abutting upon the streets where the improvements have been may will bear costs in proportion to the lineal feet abutting or bordering the streets. The council may, in its discretion, pay the whole or any part of the cost of any street, avenue, or alley intersection out of any funds in it hands available for that purpose or include the whole or any part of such costs within the amount of the assessment to be paid by the property in the district. (Section 7-12-4324, MCA)

**Suggested Audit Procedures:**

- Review the method of allocating costs of lighting districts and determine that the method or methods selected by the council are permissible under state law.
- Review the documentation supporting the city's or town's allocation of costs within a district or districts and test selected lots or parcels of land to determine that they are being assessed the proper amount under the allocation method selected.

**33. Compliance Requirement:**

- Authorized incidental costs considered to be part of the cost of the lighting district and which may be assessed to the district are as follows: cost of preparation of plans, specifications, maps, and plats; engineering, superintendence and inspection (including the compensation of the city engineer for work done by him); the cost of printing and advertising; and the preparation of assessment rolls. (Section 7-12-4325, MCA)

**Suggested Audit Procedure:**

- Test the incidental expenses considered to be part of the cost of the lighting district and which are assessed to the district to determine if they are authorized expenditures, as stated above, and properly documented.

<b>PROGRAM/SUBJECT:     Cities and Towns - Special                                  Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 20 of 27

**I.       COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**LIGHTING DISTRICTS - continued:**

**34.   Compliance Requirement:**

- Federal government property within a lighting district is exempt from the lighting district assessments. The cost related to the federal property shall be paid by the city or town from its general fund. (Section 7-12-4326, MCA)

**Suggested Audit Procedure:**

- Determine if there is federal property within the lighting district. If there is, determine that the lighting district assessment on the federal government property was paid from the city or town's general fund.

**35.   Compliance Requirements:**

- The city or town must ascertain the cost of installing the lighting system on or before the first Monday in October and adopt a resolution levying and assessing the property within the district. (Section 7-12-4328, MCA)
- The council must estimate the cost of maintaining the lights and furnishing electricity for the year and the portion to be assessed against the property within the district by the first Monday in October, and pass and adopt a resolution levying and assessing the property within the district. (Section 7-12-4332, MCA)
- Notice of the resolutions must be published in the newspaper as specified in Sections 7-12-4329 and 7-12-4333, MCA.

**Suggested Audit Procedures:**

- Review copies of the resolutions and determine that the resolutions were adopted by the council before the first Monday in October.
- Determine that the notices of resolution were published as required by statute.

**36.   Compliance Requirement:**

- All money collected from the assessments for installation costs and for maintenance costs for each lighting district must be deposited in a separate fund. (Sections 7-12-4331 and 4334, MCA)

**Suggested Audit Procedure:**

- Test selected receipts of lighting district assessments and determine that they were credited to separate special improvement lighting district and lighting district maintenance funds.

<b>PROGRAM/SUBJECT:     Cities and Towns - Special                                  Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 21 of 27

**I.       COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**STREET MAINTENANCE DISTRICTS:**

**37.   Compliance Requirements:**

- An ordinance must be adopted by the city or town council to create a street maintenance district. (Section 7-12-4405, MCA)
- Notice of the ordinance must be published in a newspaper in accordance with the provisions of Section 7-12-4406, MCA.
- The street maintenance district should be created under the provisions of Title 7, Chapter 12, Part 44, MCA.

**Suggested Audit Procedures:**

- If a street maintenance district was established during the audit period, determine that the council adopted an ordinance creating the district.
- Determine that notice of the proposed ordinance was published in a newspaper as required by statute.
- Determine that the city or town attorney conducted a legal review of the establishment of any street maintenance district created during the audit period.

**38.   Compliance Requirements:**

- The cost of the maintenance may be assessed against the entire district by one of the methods described below. For purposes of this section, assessable area means the portion of a lot or parcel of land that is benefited by the maintenance district. The assessable area may be less than but may not exceed the actual area of the lot or parcel. (Section 7-12-4422, MCA)
  - a. Each lot or parcel of land within the district may be assessed on ratio that the assessable area bears to the assessable area of the entire district, excluding streets, avenues, alleys, and public places.
  - b. Each lot or parcel of land within the district abutting upon a street on which maintenance is done may be assessed for that part of the cost which its street frontage bears to the street frontage of the entire district.
  - c. If the city or town council determines that the benefits derived from the maintenance by each lot or parcel of land are substantially equivalent, the cost may be assessed equally to each lot or parcel located within the district without regard to the assessable area of the lot or parcel.
  - d. Each lot or parcel of land, including the improvements thereon, may be assessed for that part of the cost of the district which its taxable valuation bears to the total taxable valuation of the property of the district.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 22 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**STREET MAINTENANCE DISTRICT - continued:**

**38. Compliance Requirements - continued:**

- e. **Effective October 1, 2005:** each lot or parcel of land within the district may be assessed for that part of the cost that the reasonably estimated vehicle trips generated for a lot or parcel of its size in its zoning classification bear to the reasonably estimated vehicle trips generated for all lots in the district based on their size and zoning classification; or
- f. Any combination of the assessment options in a. through d., specified above, may be used for the district as a whole or for any lot or parcel within the district.

**Suggested Audit Procedures:**

- Review the method of allocating costs of street maintenance districts and determine that the method or methods selected by the council are permissible under state law.
- Review the documentation supporting the city's or town's allocation of costs within a district or districts and test selected lots or parcels of land to determine that they are being assessed the proper amount under the allocation method selected.

**39. Compliance Requirement:**

- The cost of maintenance shall include but is not limited to sprinkling; graveling; oiling; chip sealing; seal coating; overlaying; treating; general cleaning; sweeping; flushing; snow removal; leaf and debris removal; the operation, maintenance, and repair of traffic signal systems; the repair of traffic signs; the placement and maintenance of pavement markings; and curb and gutter repair (and **effective October 1, 2005:** minor sidewalk repair that includes cracking, chipping, sinking, and replacement of not more than 6 feet of sidewalk in any 100-foot portion of sidewalk). (Section 7-12-4401, MCA)

**Suggested Audit Procedure:**

- Test expenditures from the street maintenance fund and determine that they were for allowable purposes as described above.

**40. Compliance Requirements:**

- The council must estimate the cost of maintaining the streets by the first Monday in August and pass a resolution specifying the assessment option and levying and assessing all the property within the district with an amount equal to not less than 75% of the entire cost of the work. (Section 7-12-4425, MCA)
- Notice of the resolution for assessment must be published in a newspaper as specified in Section 7-12-4426, MCA.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 23 of 27

**I.      COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**STREET MAINTENANCE DISTRICT - continued:**

**Suggested Audit Procedures:**

- Review a copy of the resolution and determine that the resolution was adopted by the council before the first Monday in October.
- Determine that the amount assessed was not less than 75% of the entire cost of the work.
- Determine that the notice of resolution was published as required by statute.

**FIRE HYDRANT MAINTENANCE DISTRICTS:**

**41.   Compliance Requirements:**

- The city or town council must pass a resolution of its intention to create a fire hydrant maintenance district, publish notice in a newspaper as specified in Section 7-12-4603, MCA, consider any protests, and finally adopt the resolution creating the district. (Sections 7-12-4602 through 4606, MCA)
- The council must estimate the cost of installing and maintaining the fire hydrants by the first Monday in October and adopt a resolution levying and assessing the property within the district. (Section 7-12-4611, MCA)

**Suggested Audit Procedures:**

- If a fire hydrant maintenance district was established during the audit period, determine that the council passed a resolution of intent, published notice of the intent, considered any protests, and passed the resolution creating the district.
- Determine that the council adopted a resolution by the first Monday in October levying and assessing the property within the district.

**42.   Compliance Requirement:**

- The cost of the fire hydrant maintenance may be assessed against the entire district as follows: (Section 7-12-4611, MCA)
  - a. Each lot or parcel of land within the district may be assessed for that part of the whole cost which its area bears to the area of the entire district, excluding streets, avenues, alleys, and public places.
  - b. Each lot or parcel of land within the district bordering or abutting the streets on which fire hydrants are located may be assessed in its lineal proportion to the total lineal feet bordering or abutting on such streets.

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 24 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**FIRE HYDRANT MAINTENANCE DISTRICTS - continued:**

**42. Compliance Requirements - continued:**

- c. If the council determines that the area, frontage, or combination of options are inequitable, it may assess the cost of fire hydrant installation and maintenance as follows:
  1. Each lot or parcel of land within the district may be assessed for that part of the whole cost that its taxable valuation, including improvements, bears to the taxable valuation of the entire district,
  - OR**
  2. Each lot or parcel of land within the district may be assessed by apportioning the whole cost according to a ratio between the water meter size servicing each lot or parcel and the whole cost.

**Suggested Audit Procedures:**

- Review the method of allocating costs of fire hydrant maintenance districts and determine that the method selected by the council is permissible under state law.
- Review the documentation supporting the city's or town's allocation of costs within a district and test selected lots or parcels of land to determine that they are being assessed the proper amount under the allocation method selected.

**PARK MAINTENANCE DISTRICTS:**

**43. Compliance Requirements:**

- The city or town may, upon petition of 10% or more of the qualified electors of the proposed park maintenance district or upon a resolution of intent adopted by the governing body, submit to the electors of the proposed district the creation of a park maintenance district. (Section 7-12-4001, MCA)
- The petition or the resolution of intent must state the maximum number of mills or the maximum fee that will be assessed for the district. The fee assessed or the tax levied may not exceed the maximum amount approved by the electorate. (Section 7-12-4001, MCA)
- A park maintenance district must be formed and operated in the same manner as a special improvement district, which is described above. (Section 7-12-4001, MCA)

**Suggested Audit Procedure:**

- Obtain copies of the petition or resolution of intent relating to park maintenance districts created during the audit period. Determine if the above requirements have been met.



<b>PROGRAM/SUBJECT:     Cities and Towns - Special                                  Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 25 of 27

**I.     COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**PARK MAINTENANCE DISTRICTS:**

**44.   Compliance Requirement:**

- A park maintenance district may be created for the purposes of, but not limited to, mowing, irrigation, turf repair and maintenance, recreation facility and equipment maintenance, tree trimming, tree replacement, tree removal, garbage removal, general cleaning, and leaf debris removal. (Section 7-12-4001, MCA)

**Suggested Audit Procedure:**

- Test expenditures from the park maintenance fund and determine that they were for allowable purposes as described above.

**TECHNOLOGY DISTRICTS: (Effective May 2, 2005)**

**45.   Compliance Requirements:**

- A local governing body, by ordinance and following a public hearing, may authorize the creation of a technology district for technology infrastructure development projects. The purpose of a technology district is for the development of infrastructure to encourage the location and retention of technology development projects in the state. (Section 7-15-4295(1), MCA)
- The tenants of a technology district must be businesses or organizations engaged in technology-based operations within Montana that through the employment of knowledge or labor add value to a product, process, or export service that results in the creation of new wealth and for which at least 50% of the sales of the business or organization occur outside of Montana or the business or organization is a manufacturing company with at least 50% of its sales to other Montana companies that have 50% of their sales occurring outside of Montana. (Section 7-15-4295(1), MCA)
- A technology district:
  - (a) must consist of a continuous area with an accurately described boundary that is large enough to host a diversified tenant base of multiple independent tenants;
  - (b) must be zoned for use in accordance with the area growth policy, as defined in 76-1-103, MCA;
  - (c) may not comprise any property included within an existing urban renewal area district or industrial infrastructure development district created pursuant to this part;
  - (d) must, prior to its creation, be found to be deficient in infrastructure improvements necessary for technology development;

<b>PROGRAM/SUBJECT:      Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 26 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**TECHNOLOGY DISTRICTS: (Effective May 2, 2005) - continued**

**45. Compliance Requirements - continued:**

- (e) must, prior to its creation, have in place a formally adopted comprehensive development plan that ensures that the district can host a diversified tenant base of multiple independent tenants; and
  - (f) may not be designed to serve the needs of a single district tenant or group of nonindependent tenants.
  - (g) may use tax increment financing pursuant to the provisions of 7-15-4282 through 7-15-4293, MCA.
- (Section 7-15-4295(2) & (3), MCA)

**Suggested Audit Procedures:**

- Obtain copies of the ordinance creating the technology district and verify that a public hearing was held.
- Determine that the creation of the technology district complied with the requirements noted above.

**TAX DEED - ASSIGNMENT OF DELINQUENT ASSESSMENTS:**

**46. Compliance Requirements:**

- If the city or town has acquired tax deed property from the county under Section 15-17-317, MCA, that is subject to the lien of delinquent assessments, it may assign its interest in the property to another person if the person has paid the purchase price paid by the city or town, the delinquent assessments, interest on the purchase price and delinquent assessments at the rate of 5/6 of 1% a month, and penalties and costs as provided by law. A certificate of sale must be issued by the treasurer of the city or town. (Section 15-17-318, MCA)
- All money received from the sale or lease of tax deed property that is acquired by a city or town under the provisions of Section 15-17-317, MCA, after payment of the cost of the sale, not to exceed \$25, must be deposited in the special improvement district fund to the extent of the delinquent assessments, interest, and penalties. The surplus, if any, must be paid to any revolving fund that secures the payment of special assessments or, if there are none, to the general fund of the city or town. (Section 15-17-319, MCA)

**Suggested Audit Procedures:**

- Determine if the city or town sold any tax deed property acquired under the provisions of Section 15-17-317, MCA.

<b>PROGRAM/SUBJECT:</b> <b>Cities and Towns - Special Improvement Districts (SID's)</b>	REF: C/T-11
	PAGE: 27 of 27

**I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:**

**TAX DEED - ASSIGNMENT OF DELINQUENT ASSESSMENTS - continued:**

**Suggested Audit Procedures - continued:**

- If so, test selected receipts from sales of tax deed property and determine that the city or town received the correct amount and that the amount received was deposited in the appropriate funds, as described above.